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Authority NND 974570

By AT NARA Date 9/24/77



DEPARTMENT OF STATE
ACTION MEMORANDUM

S/S

*File
China -
sensitive*

TOP SECRET/NODIS

March 20, 1974

To: The Secretary

From: EA - Arthur W. Hummel, Jr. *W*
S/P - Winston Lord *W*

Your Meeting with the Chinese
Wednesday, March 20, 1974, 4:00 p.m.

We were just about to send you a memorandum recommending that you see Han Hsu before leaving for Moscow when you beat us to the punch. It is important to touch base with the Chinese now for a variety of reasons. We have not communicated with them in any way since the Paracel Islands incident. A good deal has happened on the international scene during this recent period while the Chinese domestic situation has also been in turmoil. Assuming the Chinese read American tea leaves as closely as we read theirs, they might put together several elements and wonder if our policies might be undergoing review and/or whether their policy toward us should be doing the same.

There is no cause for alarm at this point about our relationship (indeed there have been several signals reaffirming their policy despite the slowdown in communications and exchanges due to the Chinese domestic turmoil). Nevertheless, the following elements could give Peking pause: Our failure to get back to them on the question of exploring the new language on Taiwan and normalization in the November Communique; the appointment of Ambassador Unger to Taiwan; the ongoing construction of a new Embassy building in Taiwan; our own increasing domestic difficulties and their implications for a strong U. S. foreign policy; the disarray in our relations with Europe; and your forthcoming trip to Moscow.

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We do not know to what extent, if any, policy toward the United States is a factor in internal Chinese struggles. But it seems prudent to send some reassurances to Peking which could strengthen Chou's hand.

Thus, it is important at this time to reaffirm our basic course, including our intentions on normalization, as well as to explain the significance and purpose of our policies toward the Soviet Union, Europe and the Middle East.

The following is a checklist of topics you may wish to cover:

(1) Your Moscow Trip. You should review our ongoing relations with the Soviet Union and the purpose of your trip to Moscow.

(2) Europe. You should reassure the Chinese about the basic durability of our ties with Western Europe and Japan and explain the need to go through a period of turbulence now in order to strengthen our bonds for the common strategic purposes that we share with Peking.

(3) Middle East. You should review the accomplishments and prospects for our Middle East policy, including our displacement of Soviet influence in the region.

(4) Normalization and the Future of Taiwan. (You will recall that in January Han Hsu categorically denied having seen any reports of your November conversations in Peking. You may therefore wish to treat this subject in veiled terms for security reasons but clear enough for Peking's leaders to get the message.) You said in Peking that you would be considering Mao's and Chou's remarks and the new Chinese sentence in the November Communiqué: "normalization of relations... can be realized only on the basis of confirming the principle of one China." You said you would get back to the Chinese within about a month. They presumably understand our delay is keyed to their own turmoil and the absence of Ambassador Huang Chen. We believe you should indicate to the PRC that you have been studying this subject and have concluded that it best lends itself to further direct discussion during your next visit to Peking. You should reiterate that U. S. intentions as expressed during the November

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visit remain absolutely firm. (FYI: You have our separate package on this subject that we have not had a chance to discuss. In any event, this subject is too tricky to discuss at long distance, even if Ambassador Huang Chen were here.)

(5) Ambassador Unger. We have been getting comments through SRF channels from lower level PRC officials about alleged dissatisfaction that we have named a new Ambassador to Taipei. Most recently, over the weekend Marquis Childs was told by the chief NCNA man in New York that it was "disturbing" to the PRC to see a new U.S. Ambassador appointed; the Chinese also noted that there have been recent "high-level" U.S. visits to Taiwan. (The only visits that could be so categorized are those of Bob Ingersoll in January, Congressman Zablocki in February, and the Deputy Secretary of Commerce in March.) On balance (because there are SRF reports reading both ways), there may not be any real apprehension at the higher levels in Peking about the Unger appointment, but it is possible that some statement from you to Han Hsu might help Chou En-lai's position if there is any lower level misunderstanding.

(6) New U.S. Embassy Building. We are going ahead with longstanding plans to build a new Chancery building in Taipei, giving up the present highly unsuitable building and consolidating some U.S. activities under one roof. The plans have been publicly testified to before Congress over several years and represent the culmination of very lengthy negotiations with the GRC and with the U.S. Congress on exchanging plots of land, design of a building, etc. There is no way to reverse these plans without causing serious damage to U.S. - GRC relations and also setting off public speculation about U.S. intentions. The subject will become public once again in the next couple of months, when the published testimony before the House Committee appears in print. It might be useful for you to tell Han Hsu in passing that these plans for a new Chancery building do not represent any change in our determination to carry out both the spirit and letter of the Shanghai Communique, as well as the substance of your subsequent discussions with PRC leaders.

(7) U.S. Withdrawals from Taiwan. At some point you should tell the PRC that the unilateral schedule of U.S. withdrawals from Taiwan that you outlined in November will go forward but will

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have to be amended in one respect -- that the second USAF squadron cannot be withdrawn from Taiwan during the second half of CY 1974, but will be taken out during the first half of 1975 (we are aiming for May). We will shortly be telling the GRC through our Ambassador in Taipei the whole schedule of withdrawals, and it is possible that PRC clandestine penetrations within the GRC might soon make it known in Peking that your original schedule has had to be modified in this one instance. It would be better if the PRC hears this from you than from their own clandestine services. We do not have any reliable estimate of the likelihood of PRC clandestine penetrations at that level of the GRC, but the possibility certainly exists. At any rate, you will have to tell the PRC sooner or later about this change in schedule, and it would be prudent to do it before they have any chance of hearing about it from other sources.

(8) Korea and the United Nations. We have not gotten back to the PRC as yet to discuss means of avoiding a confrontation on Korea in the UNGA next fall. You could tell Han Hsu that we are still studying the matter, including the means of working out the disappearance of the UN Command, and we intend to be in touch on specific measures.

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